



Investor Presentation | July 2017

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Overview of Avem Partners

Founded in 2016 by Principals from Hancock Park Associates (HPA) – Los Angeles, CA

Avem Partners LP: \$200 million with hard cap of \$250 million

Buyout strategy targeting small aerospace & industrial companies in North America

Partners have a combined 60 years of investing and operating experience

Team has worked together for over 10 years completing 32 platform & add-on investments

Have deployed \$142.3 million in the aerospace & industrial sectors

Realized \$329.3 million with another \$27.4 million of unrealized value

Aerospace and industrial investing track record of 2.5x MOIC

Note: Prior performance does not guarantee future results.

Overview of Avem Partners (cont.)

Profile of Target Companies

- Family or entrepreneur-owned / Corporate carve-outs
- Profitable with stable cash flows
- High potential for growth, opportunity for strategic & operational improvements
- EBITDA: up to \$10 million
- Enterprise Value: \$20-\$100 million

Fund Strategy

- Acquire 10 – 12 companies
- Target 70% aerospace / 30% industrial
- \$10-\$25 million equity per investment
- Hold period: 3-5 years
- 10-year Fund / 5-year investment period
- 4-6x EBITDA purchase multiples
- Modest levels of debt
- Target 3x gross return on invested capital

Note: Prior performance does not guarantee future results.

The Team

Avem Partners have had P&L responsibilities in LMM companies - invest with an operational mindset

Mike Fourticq Jr.

Partner

- Avem Partners (2016-Present)
- Hancock Park Associates (2000-2016)
- Brown Jordan (1995-2000)
- KPMG (1993-1995)
- B.A. – University of Texas at Austin; Certified Public Accountant (Inactive)

Ken Watler Jr.

Partner

- Avem Partners (2016-Present)
- Hancock Park Associates (2007-2016)
- Notre Capital & its portfolio companies (1997-2007)
- PwC (1993-1996)
- B.A. – University of Texas of Austin

Brian Leibl

Partner

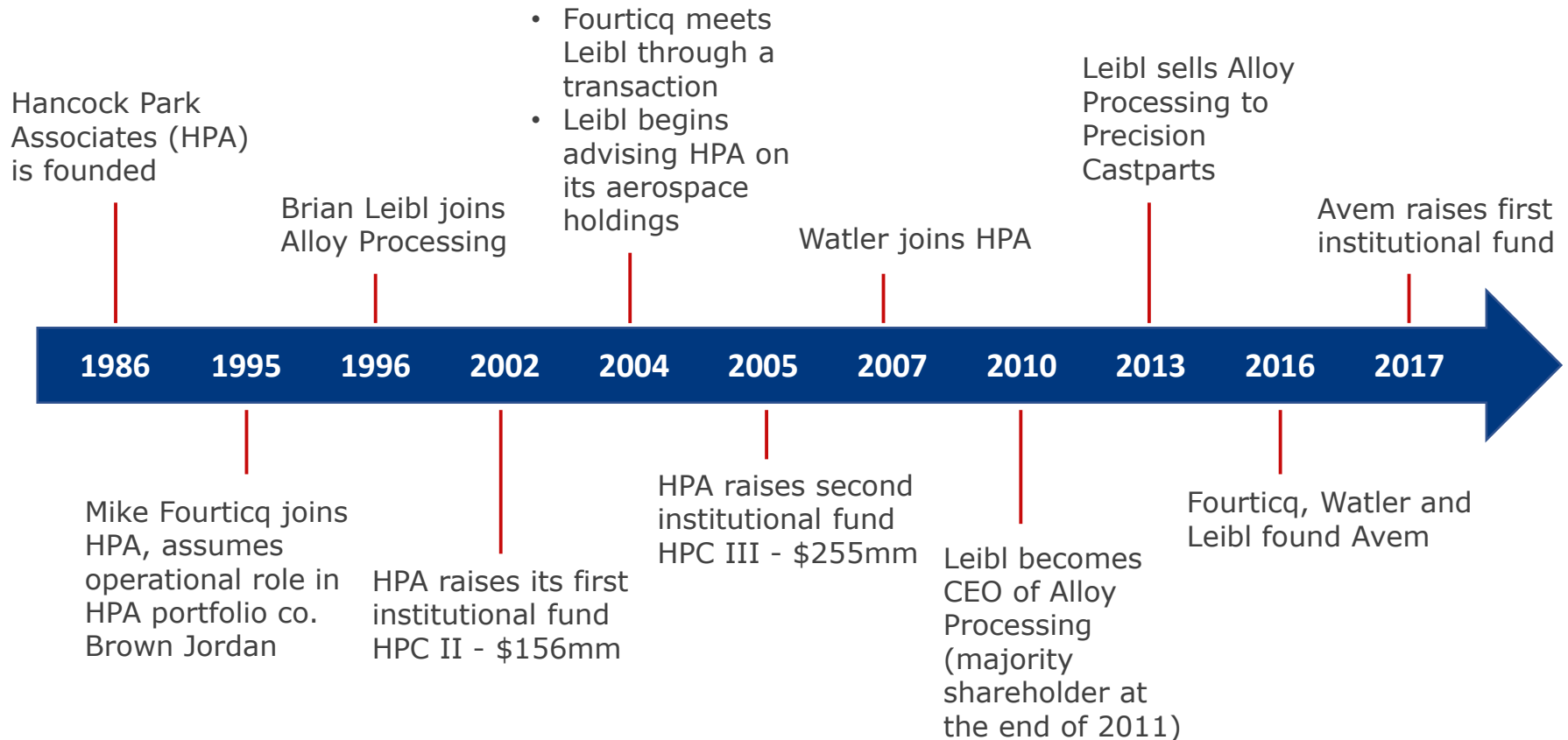
- Avem Partners (2016-Present)
- CEO & owner, Alloy Processing (1995-2015)
- Aerospace advisor to Hancock Park Associates
- B.A. – Cal State Northridge

Mike Gooch

VP of Finance

- Avem Partners (2016-Present)
- Hancock Park Associates (2002-2016)
- B.S. – University of Southern California (1981); Certified Public Accountant (1983-Present)

Team Timeline



Operating Partners

Identify opportunities, assist with due diligence, serve on boards and mentor management – will have co-invest rights and share in the carry

Bill Brown

Former CEO of Resco Products

- CEO for 20+ years
- Successfully integrated 4 add-on acquisitions
- Former Chairman of the Refractories Institute
- MBA from University of Pittsburgh

Andreas Reidock

Founder of Dynamic Sales Hamburg

- 15 years of international experience in product marketing, sales & distribution in the aerospace and industrial sectors
- Advises Aero Pacific & Advent Aerospace
- Masters in business engineering from the University of Karlsruhe, Germany

Ken Goldsmith

Managing Director of Advent

- Has worked in the aerospace industry for over 30 years
- Started career as a pilot in the US Air Force; executive positions at AlliedSignal and General Electric
- Founder of Advent Aerospace
- Successfully managed the development and certification of the first GPS-aided antiskid braking system
- MBA from Pepperdine University

Steve Spencer

Founder/CEO of Spencer Aerospace

- Grew up working for family's aerospace business
- Started Spencer Aerospace, now a critical supplier of high pressure fittings to OEM's
- Expert in lean manufacturing
- Masters in Operations and Finance from the MIT Sloan School of Management

Executive Advisors

Charles Thomas (Tom) Burbage

33 year career in military aerospace with the Lockheed Martin Corporation beginning in 1980

- From 2000 until his retirement in 2013, Mr. Burbage was Executive Vice President and General Manager of the F-35 Joint Strike Fighter Program
 - Led the Concept Demonstration Phase and competitive selection as the Prime Contractor in October of 2001
 - Led the integration of technical requirements for the nine-nation partnership
 - F-35 is the first tri-service, multinational program - largest program in the US Department of Defense
- From 1990, President of the Lockheed Martin Aeronautical Systems Company - led the restructuring and downsizing of that company prior to the Lockheed Martin Aeronautics consolidation in January 2000
- In 1995 became Vice President and General Manager for the F-22 Raptor Air Dominance Fighter Program
- In 1992 became Vice President for Business Development and Product Support
- In 1987 became Vice President for Washington Operations for all Lockheed Aeronautics programs
- Mr. Burbage has received numerous industry awards
 - 2013 James H Doolittle Award by the Society for outstanding accomplishment in technical management and engineering achievement in aerospace technology
 - Inaugural U.S. Naval Academy/Harvard Business Review Award for Ethical Leadership in 2007
 - The 2006 Society of Automotive Engineers Leadership in Aerospace Award
 - The Donald C. Burnham Award from the Society of Manufacturing Engineers
 - Aerospace Industry Personality of the Year for 2002
- Prior to joining Lockheed, Mr. Burbage was a Naval Aviator, completing the U.S. Navy Test Pilot School in 1975. He has accumulated more than 3,000 hours in 38 different types of military aircraft. As a reservist, he flew the A7 Corsair and retired as a Navy Captain in 1994.
- BS in Aerospace Engineering from the U.S. Naval Academy, MS in Aeronautical Systems from the University of West Florida, and MBA from UCLA.

Executive Advisors

Ryan O'Toole

Two decades of investment banking experience focused on the aerospace and defense sectors

- Managing Director in Houlihan Lokey's Aerospace Defense Government (ADG) Group, based in LA
- Expertise in sell-side and buy-side M&A advisory and complex corporate divestitures
- Advised industry leaders: Boeing Co. and Northrop Grumman Corp., mid-cap publicly traded corporations, private equity investors, and privately-held, entrepreneurially operated businesses
- Sector expertise across multiple verticals including metallic and composite fabrication, engines and aerostructures, repair and maintenance, avionics, fasteners, and distribution
- Representative transactions, among others:
 - Sales of PneuDraulics; Tactair Fluid Controls to TransDigm
 - Sales of Alloy Processing; Summit Machine; Andrews Laser Works; and American Handforge to Precision Castparts
 - Sale of EDAC Composites to Meggitt plc
 - Sale of Harter Aerospace to Heico
 - Sale of RDS Manufacturing to Caterpillar
 - Sale of PECO to Astronics
 - Sale of Aerofit to Tinicum
- Prior to Houlihan Lokey – served as Director in the aerospace & defense group at Lazard Frères; several years at Jefferies & Company; began career at Quarterback Investment Partners
- BA in Economics from UCLA

Aerospace Market Opportunity

Strong Fundamentals

- Large market: in 2015, US commercial aerospace generated sales of \$276 billion and US military aerospace and defense generated sales of \$204 billion¹
- Air traffic growing 5% per year² and record airline net profits (\$35 billion) in 2015³
- 9.5 year backlog of commercial aircraft production⁴
- Growing defense spending in the US
- Sector outperforms the broader market: S&P Aerospace & Defense Select Industry Index has a 10 year annual return of 12.5% vs. 7.03% for the S&P 500 index⁵

Attractive Sector for Investment

- Aerospace underserved by both private equity and investment banking
- Good visibility due to long term supply agreements & multiyear backlogs at the OEM's
- Highly fragmented supply base to OEMs. Boeing has over 13,000 suppliers.
- High barriers to entry. Customer approvals/quality certifications are required
- Increasing OEM build rates have global supply chain challenged to increase capacity, throughput and on-time delivery
- Aircraft OEM's are shifting internal production to outside suppliers to reduce labor cost

Note: Prior performance does not guarantee future results.

1) Source: Aerospace Industries Association

2) Source: Deloitte Global Aerospace and Defense Sector Outlook, March 2017

3) Source: IATA website

4) Source: Houlihan Lokey Aerospace Industry Update, February 2017

5) Source: Dow Jones website performance data as of 4/19/2017

Southern California Advantage

Key Factors

- L.A. Basin – 16th largest economy in the world, with a GDP of \$1 trillion¹
- Five-county area (Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties) is home to approximately 700,000 small and middle-market businesses²
- Largest supply cluster for aerospace in the world and one of the largest manufacturing bases in the country
- Few private equity firms primarily focused on aerospace and even fewer based in Los Angeles
- LA proximity is advantageous for Avem: Boeing, Northrop, and Raytheon all have a major footprint in Southern California

1) Source: IMF World Economic Outlook (WEO), October 2016

2) Source: County data from Los Angeles Economic Development Corp. and California EDD, as of 9/30/15

Investment Strategy – Areas of Interest

50,000+ private, small-cap, aerospace & industrial companies

Aerospace

Deep network of people, companies, resources

- Metallic Structures
- Fluid Conveyance
- Composite Structures
- Surface Treatment

Industrial

Companies that share common characteristics with aerospace

- Regulated quality control
- Product certification
- Precision manufacturing
- Engineering driven

Investment Strategy - Sourcing

Types of sellers

Family/ Entrepreneur- owned

- 23 of the 33 completed deals
- Opportunities for strategic & operational improvement
- Often reinvest proceeds and/or stay on in the business – partnership more important than price

Corporate carve- outs/Lender owned

- 8 of the 33 completed deals
- Seller focused on certainty of closing, not price
- Non-core or underperforming
- Undermanaged

Types of transactions

Exclusive negotiations

- 25 of the 33 completed deals
- Uniqueness of the target or situation does not allow for an auction
- Seller's preference for a compatible partner: "hard-working & friendly"

Dislocated/Limited auctions

- 6 of the 33 completed deals
- Temporary dislocation in the financing market
- Sudden decline in the target's performance

Investment Strategy - Diligence

Evaluation Process

Leverage Partners' Operational Experiences in the Diligence Process

- Initially assess market segment, reputation, products and management
- Augment internal diligence by utilizing outside consultants when appropriate
- Target strategic opportunities and operational improvements
- Identify tangible value creations and likely exit opportunities
- Deal team comprised of two partners
- All 3 partners must approve an investment

Investment Strategy - Value-Add

Company Improvements & Value Creation

Provide company management with strategic, operating and financial resources

- Define the core business strategy
- Implement strategic & operational initiatives
- Create alignment of interests between management & shareholders
- Upgrade systems and business processes
- Establish formal reporting and budgeting
- Identify, recruit and develop resources to maximize performance
- Create growth opportunities

Investment Strategy - Exit

Avem approach drives rapid improvements in financial results

- History of selling to both financial buyers and strategic acquirers
- “Playbook” system for tracking initiatives encourages accountability and serves as a roadmap for the next buyer
- Management, strategy and operations enhanced → improved financial results can lead to multiple expansion
 - Weighted average multiple expansion of 1.8x EBITDA¹

Note: Prior performance does not guarantee future results.

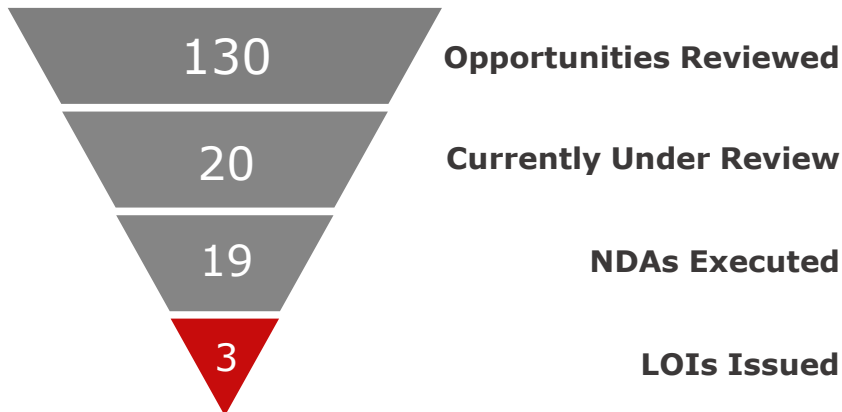
1) Average of all exits in prior funds

Deal Flow

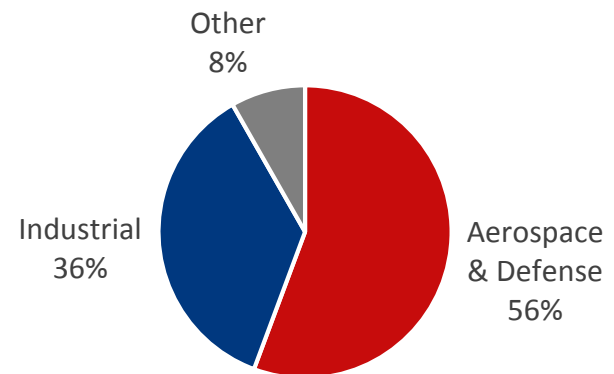
Avem expects to review over 200-250 opportunities each year

- Avem Partners proactively seek out investment opportunities through relationships with OEM personnel, other suppliers, aerospace focused lending groups, investment bankers, machine tool dealers and other service providers to the industry

Investment Activity Since 2016



Investment Activity by Sector



Pipeline

Project Aero

Manufacturer of structural parts for the military and space sector. The Company primarily machines large, complex parts out of hard metals. Company experienced compound annual growth rate of 33% over the last 5 years. Avem Principals previously worked with the management team that resulted in a 49% gross IRR and 3.2x MOIC. \$15 million equity need.

Project Fittings

Manufacturer of high pressure fittings for hydraulic systems on aircraft. High barriers to entry. Attractive asset for large strategic players. Company is growing rapidly and some of this investment will take the form of growth equity. \$10 million equity need.

Project Contour

Manufacturer of large subassemblies for military platforms. Complex situation; company has a balance sheet issue, thus operational restructuring needed. As the bank debt holder becomes more assertive, Avem is well positioned. Avem Principals have known the CEO of the company for many years. \$10-15 million equity need.

Project DE

Manufacturer of structural parts for the commercial aerospace sector. The Company focuses on machining complex parts out of hard metals. This Company will be the first add on for Project Aero. Combining the two would create a "Hard Metals Center of Excellence" with a diversified platform exposure that would be attractive to strategic buyers. \$15 million equity need.

Project Refractory

Former CEO of a former Hancock Park portfolio company has identified four target companies in the refractories industry that appear to be attractive acquisitions to complete a platform. Additionally, a merger of two large players currently in process will likely create attractive divestiture targets. Avem is closely monitoring and will accelerate discussions as appropriate.

Note: Prior performance does not guarantee future results.

Attributable Investment Performance

Aerospace & Industrial

Portfolio Company	Investment Date	Investment Amount	Investment Returns				
			Realized	Unrealized	Total	Gross MOIC	Gross IRR
<i>Synchronous</i>	2002	33.6	106.2	-	106.2	3.2x	49%
<i>Resco Products</i>	2005	33.1	157.1	-	157.1	4.7x	104%
<i>Advent Aerospace</i>	2006	18.9	2.5	9.5	13.6	0.6x	-5%
<i>Drilltec</i>	2007	20.0	58.1	-	58.1	2.9x	24%
<i>Crimson Well Service</i>	2008	24.3	-	3.2	3.2	0.1x	-26%
<i>Aero Pacific</i>	2010	2.7	1.4	12.0	13.4	5.0x	39%
<i>Sheffield</i>	2013	7.7	4.0	-	4.0	0.5x	0%
<i>Spencer Aerospace</i>	2015	2.0	-	2.4	2.4	1.2x	16%
Total Aerospace & Industrial		142.3	329.3	27.4	356.7	2.5x	

Consumer / Retail

Portfolio Company	Investment Date	Investment Amount	Investment Returns				
			Realized	Unrealized	Total	Gross MOIC	Gross IRR
<i>Stanton International</i>	2004	15.0	0.1	-	0.1	0.0	-96%
<i>Classic Party Rentals</i>	2004	11.5	43.9	-	43.9	3.8x	69%
<i>American of Martinsville</i>	2006	22.4	7.0	-	7.0	0.3x	-17%
<i>Brown & Cole Stores</i>	2006	46.2	-	3.5	6.4	0.1x	-25%
<i>Barcalounger</i>	2006	20.2	2.9	4.9	4.9	0.2x	-14%
<i>Charming Charlies</i>	2008	8.1	239.5	61.6	301.1	37.2x	111%
Total Consumer/ Retail		123.4	293.4	70.0	363.4	2.9x	
Totals		265.7	622.7	97.4	720.1	2.7x	

Note: Prior performance does not guarantee future results.
As of 12/31/16; Audited in Italics

Partners' Track Record



CRIMSON

	Metal finishing provider to aerospace industry	Aerospace engineered products and services	Supplier of well services for oil and gas
At Investment	Brian Leibl joined Alloy Processing in 1996. At the time Alloy had revenues of \$3 million. Leibl acquired control of the company in 2011.	Acquired in July 2006 TTM Revenue: \$14.8MM TTM EBITDA: \$3.1MM Valuation Multiple: 5.1x EBITDA Investment: \$18.3MM Common Stock / Subordinated Debt Ownership: 75%	Acquired in July 2008 TTM Revenue: \$38MM TTM EBITDA: \$15.3MM Valuation Multiple: 4.1x EBITDA Investment: \$24.3MM Common Stock / Subordinated Debt Ownership: 52%
Avem Team Role	Brian Leibl: CEO (2010), majority shareholder (end of 2011) and led exit	Mike Fourticq: led deal, and Board Member Brian Leibl: assisted with business development efforts	Ken Watler: led deal and board member
During Investment Period	Brian's reputation, relationships – instant credibility leading to more cooperation from OEMs Grew number of customers from 30 to 200 Reinvested in the company to expand capacity	Transformed primarily an engineering services company into a product based company. Developed a GPS based antiskid braking system for light jets and turboprops.	Purchased companies at a 4x multiple, consolidated them & brought in new management, created incentive program, new CEO
Exit/ Current Status	Acquired by Precision Castparts in Dec 2013 for 17x EBITDA TTM Revenues: \$14.5MM TTM EBITDA: \$5.3MM	Unrealized/Sale process initiated 1 st quarter 2017. TTM Revenues: \$16.7MM TTM EBITDA: (\$3.8MM)	Unrealized TTM Revenues: \$4.6MM TTM EBITDA: (\$.5MM)

Note: Prior performance does not guarantee future results.

Partners' Track Record (cont.)



	Leading Refractory Supplier	Manufacturer of high precision aerospace components	Aerospace supplier of precision components
At Investment	<p>Acquired in September 2005</p> <p>TTM Revenue: \$181.3MM</p> <p>TTM EBITDA: \$21.3MM</p> <p>Valuation Multiple: 4.3x EBITDA</p> <p>Equity Investment: \$33.1MM</p> <p>Common Stock / Subordinated Debt Ownership: 73.4%</p>	<p>Acquired in December 2002</p> <p>TTM Revenue: \$105MM</p> <p>TTM EBITDA: \$10.2MM</p> <p>Valuation Multiple: 4.4x EBITDA</p> <p>Investment: \$33.6MM</p> <p>Common Stock / Subordinated Debt Ownership: 90%</p>	<p>Acquired in December 2010</p> <p>TTM Revenue: \$3.0MM</p> <p>TTM EBITDA: \$.2MM</p> <p>Valuation Multiple: 6.3x EBITDA</p> <p>Investment: \$2.5MM</p> <p>Common Stock / Preferred Stock Ownership: 50%</p>
Avem Team Role	<p>Mike Fourticq: Led Deal, Board Member, and Led Exit</p>	<p>Mike Fourticq: CEO (2001-2003), Led Deal, Board Member and Led Exit</p> <p>Brian Leibl: Assisted with business development efforts</p>	<p>Mike Fourticq: Led Deal, and Board Member</p> <p>Brian Leibl: Assists with business development efforts</p>
During Investment Period	<p>Scaled business through 4 key acquisitions</p> <p>Repaid 2x invested capital within two years of acquisition through dividend recap and just under 5x overall investment cash multiple</p>	<p>Diversified customer base</p> <p>Restructured management and contracts with the customers, consolidated facilities</p>	<p>Returned \$1.4MM in dividends/refinanced debt.</p> <p>Worked with Lockheed to get a customer approval which led to new business opportunities and customer diversification.</p>
Exit/ Current Status	<p>Sold to larger PE firm in down market in September 2011</p> <p>TTM Revenues: \$230.8MM</p> <p>TTM EBITDA: \$41.3MM</p> <p>Cash multiple: 4.7x</p> <p>Net IRR: 104%</p>	<p>Acquired in August 2007 by a larger PE firm.</p> <p>TTM Revenues: \$121MM</p> <p>TTM EBITDA: \$15.6MM</p> <p>Cash multiple: 3.1x</p> <p>Net IRR: 49%</p>	<p>Unrealized</p> <p>TTM Revenues: \$24MM</p> <p>TTM EBITDA: \$4.5MM</p>

Note: Prior performance does not guarantee future results.

Partners' Track Record (cont.)



**SPENCER
AEROSPACE**

	Manufacturer of industrial protective packaging	Leading provider of precision aerospace products	Aerospace supplier of fittings and hardware
At Investment	<p>Acquired in April 2007 TTM Revenue: \$33.1MM TTM EBITDA: \$9.5MM Valuation Multiple: 4.3x EBITDA Equity Investment: \$20.0MM Common Stock / Subordinated Debt Ownership: 100%</p>	<p>Acquired in June 2013 TTM Revenue: \$19.1MM TTM EBITDA: \$3MM Valuation Multiple: 3.1x EBITDA Investment: \$7.5MM Common Stock Ownership: 100%</p>	<p>Acquired in June 2015 TTM Revenue: \$0MM TTM EBITDA: \$(.5MM) Valuation: \$12.5MM Investment: \$2MM Common Stock Ownership: 16%</p>
Avem Team Role	<p>Ken Watler: Led Deal, Board Member, and Led Exit</p>	<p>Mike Fourticq: Led deal, Board Member and Led Exit</p>	<p>Mike Fourticq: Led deal, and Board Member Brian Leibl: Board Member and assists with business development</p>
During Investment Period	<p>Implemented plan to establish global joint ventures near pipe facilities; Lobbied industry to establish product standards which reduced competition</p>	<p>Brought in new CEO (from Synchronous) and won large work package from Airbus. Euro/\$ exchange rate decline 20% making European suppliers more cost effective. Airbus eventually terminated the contract and Sheffield was unable to recover</p>	<p>Brought in a CFO Accelerated initial certifications letting company incubate within another aerospace holding.</p>
Exit/ Current Status	<p>Sold to larger PE firm in March 2012 TTM Revenues: \$29.4MM TTM EBITDA: \$8.7MM Cash multiple: 2.9x Net IRR: 24%</p>	<p>Filed for Bankruptcy in December 2015</p>	<p>Unrealized TTM Revenues: \$7.4MM TTM EBITDA: \$.2MM</p>

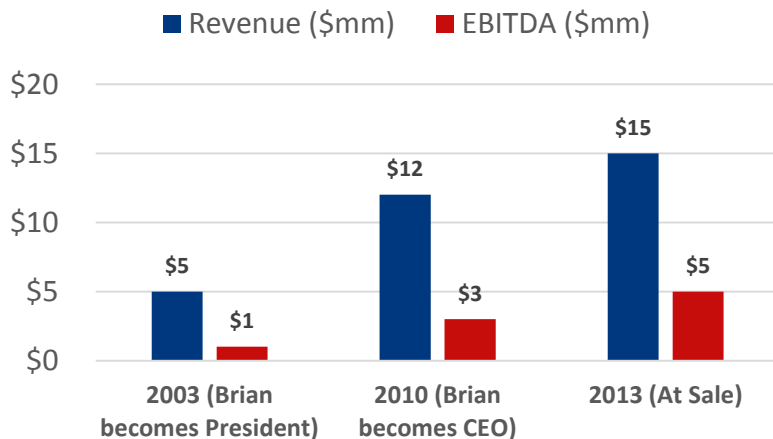
Note: Prior performance does not guarantee future results.

Case Study – Alloy Processing

Company Background

- Metal finishing provider to the aerospace industry. Family business bootstrapped for \$100,000 in 1988.
- Brian Leibl joined as head of sales in 1996. Third party valuation of \$1mm.
- By early 2000 Brian had built a significant equity stake as 'compensation' and was running day-to-day operations. Became President in 2003.
- Founder retired in 2010 - Brian became CEO.

Accelerating Growth



Note: Prior performance does not guarantee future results.

Positioning for Success

- Successfully grew the company organically.
- Anticipating a need by Boeing, Airbus, Lockheed Martin and other OEMs, Alloy purchased a new facility, increasing manufacturing capacity from 37,000 sq. ft. to 137,000 sq. ft. financed through \$1 million cash from Brian's personal account and a \$9.2mm SBA loan personally guaranteed by Brian.
- Brian secured a \$5mm equipment lease, which he also personally guaranteed.

Accomplishments and Exit

- Grew sales from \$5mm to \$15mm and EBITDA from \$1mm to \$5mm since becoming President in 2003.
- Increased number of customers from 30 to 200 and the capacity to generate upwards of \$50mm in sales.
- Brian's relationships with the OEMs and efforts in expanding capacity captured the attention of large strategics. He sold the company in 2013 to PCC for \$86mm, not including \$14 million paid for the real estate.

Summary

The Fund	Avem Partners, LP
Size	\$200 million – hard cap \$250 million
GP Commitment	\$4 million
Investment Period	Five years from final closing
Carried Interest	20% (European Waterfall)
Preferred Return	8%
Management Fee	2% through the Investment Period; thereafter, a percentage of invested capital, decreasing over time from 1.75% to 1%

Appendix



Biographies

Mike Fourticq, Partner

- 22 years private equity investing/operating experience
- Partner, Hancock Park Associates, 2000 - 2017
 - Acquired 11 platform portfolio companies and completed 17 add on acquisitions
- VP Sales & Marketing, Brown Jordan, 1995-2000
 - Responsible for managing sales team and developing new products
- Consultant/Accountant, KPMG, 1993-1995

Ken Watler, Partner

- 21 years private equity investing/operating experience
- Partner, Hancock Park Associates, 2007 - 2017
 - Acquired 3 platform portfolio companies and completed 2 add on acquisitions
- Associate, Notre Capital, 1997-2007
 - Led diligence team on roll up of mobile home retailers
 - Led corporate development function in roll up of commercial landscape companies and in a roll up of telecommunications companies
 - General Manager and Regional VP for the telecom company
- Corporate Development, Ikon Office Solutions, 1996-1997
- Accountant, Price Waterhouse, 1993-1996

Biographies (cont.)

Brian Leibl, Partner

- 21 years operating experience
- President/CEO, Alloy Processing, 1996-2015
 - Worked in conjunction with Lockheed Martin and the Australian Government in developing a Best in Class processing facility in South Australia
 - Worked closely with Boeing, Lockheed Martin, Northrop Grumman and Airbus to improve supply chain capacity as commercial and military rates increased
 - Played a significant role in growing EBITDA 500% before leading the sale of the company to Precision Castparts in 2013
 - After acquisition, stayed on for 16 months in an Operations Leadership role

Mike Gooch, VP of Finance

- 15 years private equity experience
- VP of Finance, Hancock Park Associates, 2002-2017
 - Managed reporting and compliance for two institutional funds
 - Worked with portfolio companies on accounting/operational issues
 - Certified Public Accountant

Note: Prior performance does not guarantee future results.

Hancock Park Associates (HPA) Track Record

HPC II*

Portfolio Company	Investment Date	Investment Amount	Investment Returns				
			Realized	Unrealized	Total	Gross MOIC	Gross IRR
Fitness Holdings	2001	50.8	13.1	-	13.1	0.3x	-91%
Synchronous	2002	33.6	106.2	-	106.2	3.2x	49%
Saleen	2002	30.3	6.0	-	6.0	0.2x	-93%
Right Start	2003	26.8	1.9	-	1.9	0.1x	-95%
FAO, Inc.	2003	7.9	2.9	-	2.9	0.4x	-74%
Classic Party Rentals	2004	11.5	43.9	-	43.9	3.8x	69%
Stanton International	2004	15.0	0.1	-	0.1	0x	-96%
Gordon Biersch	2004	31.9	74.5	-	74.5	2.3x	17%
American Home	2005	6.4	0.2	-	0.2	0x	-34%
Borga	2005	6.3	-	-	-	-	-96%
Total HPC II		220.5	248.8	-	248.8	1.1x	5%

HPC III*

Portfolio Company	Investment Date	Investment Amount	Investment Returns				
			Realized	Unrealized	Total	Gross MOIC	Gross IRR
American Home	2005	21.5	4.2	-	4.2	0.2x	-19%
Resco Products	2005	33.1	157.1	-	157.1	4.7x	104%
American of Martinsville	2006	22.4	7.0	-	7.0	0.3x	-17%
Barcalounger	2006	20.2	-	4.9	4.9	0.2x	-14%
Yankee Pacific Aerospace	2006	18.3	2.5	9.5	12.0	0.7x	-5%
Saleen	2006	43.3	3.3	-	3.3	0.1x	-92%
Drilltec	2007	20.0	58.1	-	58.1	2.9x	24%
Specialty Vehicle	2007	30.1	1.4	9.3	10.7	0.4x	-8%
Brown & Cole Stores	2007	46.2	2.9	4.2	7.1	0.2x	-25%
Charming Charlies	2008	8.1	239.5	61.6	301.1	37.2x	111%
Crimson	2008	24.3	-	3.5	3.5	0.1x	-26%
Project Time & Cost	2008	25.7	36.7	17.5	54.2	2.1x	16%
Total HPC III		313.2	512.7	110.5	623.2	2.0x	13%
Totals		533.7	761.5	110.5	916.3	1.6x	

Note: Prior performance does not guarantee future results.
Audited as of 12/31/16

Case Study – Sheffield Manufacturing

Company Description

- Manufacturer of high precision aerospace components
- At time of acquisition, the company was primarily supplying Boeing's defense business

Partner Role

- Brought in new management team including CEO and CFO
- Restructured contracts with Boeing

Investment Thesis and Performance

- Restructure management and contracts with customers, consolidate facility, diversify customer base
- Company was successful in winning a substantial contract with an Airbus subsidiary
- Euro exchange rate decreased 20% from the date of the contract to the time of termination making European competition more attractive
- Company was too dependent on the contract and was unable to recover from contract termination
- Company filed for bankruptcy and was liquidated by the senior lender

Note: Prior performance does not guarantee future results.

Case Study - Drilltec

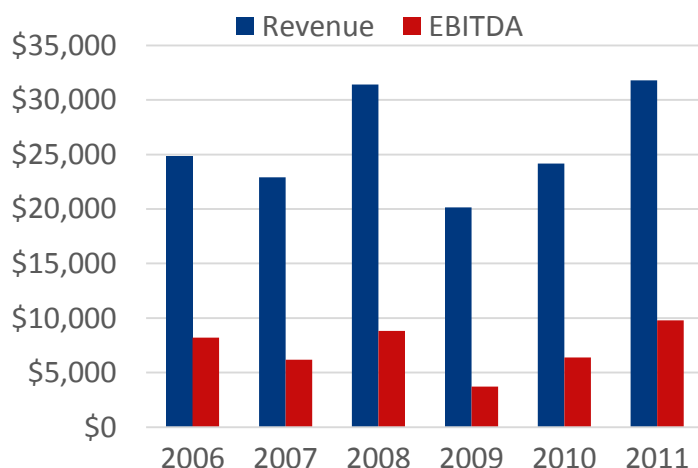
Company Description

- Global manufacturer of patented protective devices for oil and gas tubular goods
- Low growth business acquired with low EBITDA multiple
- Busted process: company owned by a lender after becoming overleveraged
- What Avem liked: low CapEx vs high cash flow ratio, proprietary products, defensible market position

Investment Thesis and Performance

- Expand customer base through new licensing agreements and joint ventures
- Positioned to benefit from growth in premium thread market
- Company had been undercapitalized for period of time
- Sold to a larger PE firm, generating over 3x invested capital

Financial Performance



Note: Prior performance does not guarantee future results.

Partner Role

- Installed new ERP system
- Implemented equity incentive program for management
- Established new joint ventures in China, Saudi Arabia and South America
- Lobbied industry to establish product standards which reduced competition

Case Study - Synchronous

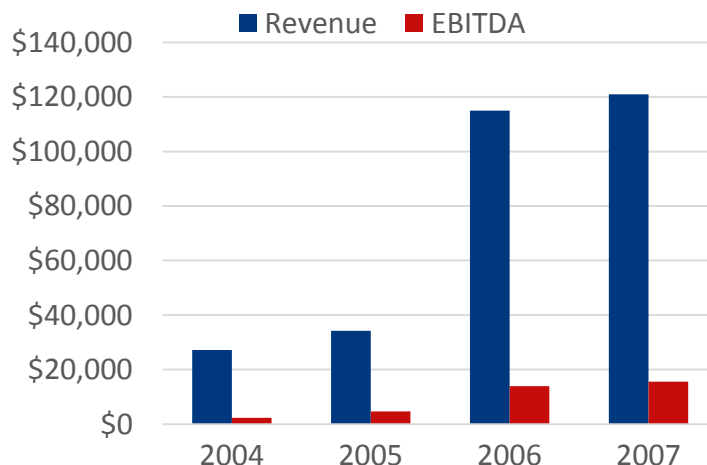
Company Description

- Manufacturer of high precision aerospace components
- Began with a small, founder- owned business that on its own was not compelling

Investment Thesis and Performance

- Restructure management and contracts with customers, consolidate facility, diversify customer base
- Strategy played out very well and sold to a larger PE firm, generating over 3x invested capital
- Because of its reputation, Avem now sees every machine shop opportunity

Financial Performance



Note: Prior performance does not guarantee future results.

Partner Role

- Implemented plan to acquire similar companies and consolidate facilities
- Initially, kept the founders on board to cultivate and solidify relationships with key customers

Aerospace Industry Overview

Commercial Aerospace

- Robust Air Traffic Fundamentals
 - Growing passenger traffic - expected to increase 5% per year for next 20 years¹
 - Air traffic growth is resilient to macro shocks with only four declines over the past fifty years, each lasting just one year²
- Aircraft Backlog Remains Strong
 - 9.5 year backlog of commercial aircraft production³ – 13,500 aircraft units
 - Aircraft production projected to grow by 29% over the next decade
 - Little-to-no high-risk orders

Military Aerospace

- Current administration tailwinds
- Higher spending from regional powers - Japan and India as well as the Middle-East
- After classified programs, combat aircraft make up the largest share of planned procurement spending across the Future Years Defense Program ("FYDP") at 13.24% of all procurement spending in the FY 2017 DoD Budget
- Of these combat aircraft, the F-35B and F-35C comprise the largest portion of the defense budget at \$23.4 billion from FY2017 - FY2021
- Rotorcraft procurement projections remain steady, as the Army's two largest procurements programs are the AH-64 Apache and UH-60M Blackhawk, at \$6.2 billion and \$6.1 billion over the FYDP, respectively
- Militaries globally anticipate higher procurement rates - primarily F-35 variants

Note: Returns are not guaranteed.

1) Source: Deloitte Global Aerospace and Defense Sector Outlook, March 2017

2) Source: Houlihan Lokey Aerospace Industry Update, February 2017

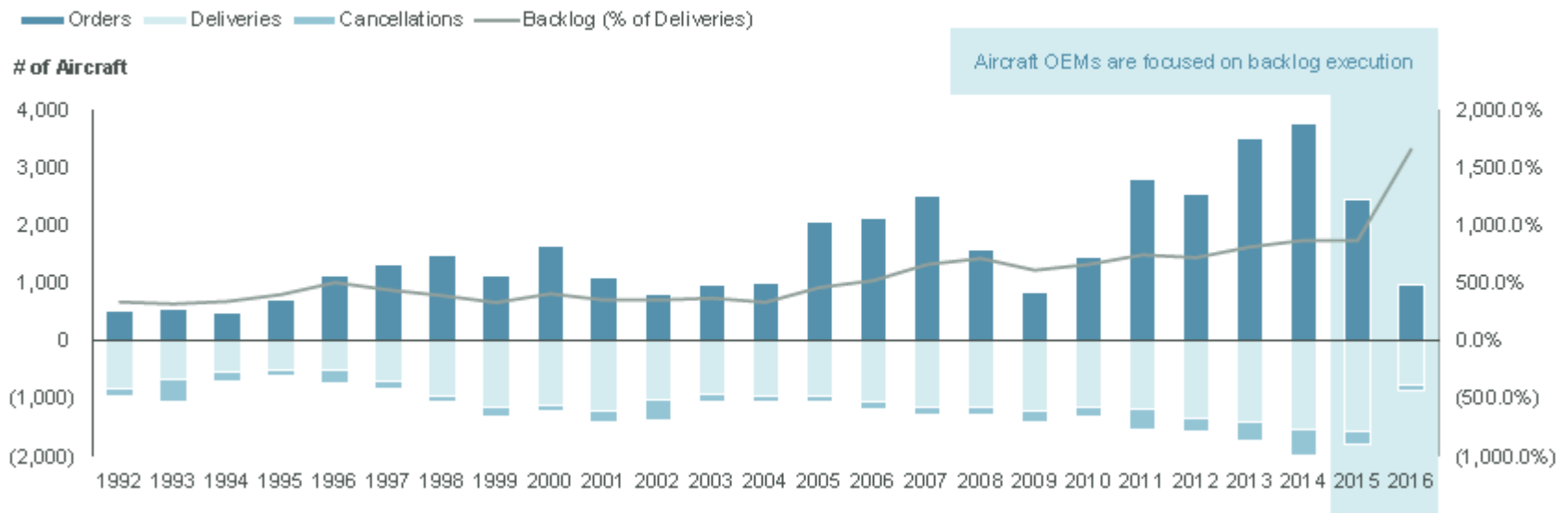
3) Source: Deloitte

Aerospace Industry Overview (cont.)

Commercial Aircraft Backlog, 1992 – 2016¹

- Steady backlog increase
- Aircraft OEMs focused on deliveries

Total Backlog Decomposition



Note: Prior performance does not guarantee future results.

1) Source: Houlihan Lokey Aerospace Industry Update, February 2017

Aerospace Industry Overview (cont.)

Attractive MRO Market

- Global civil air transport MRO valued at \$67bn in 2015 and expected to grow to \$100bn in 2025¹
- Current fleet of 23,927 air transport jets and turboprops growing to 34,408 by 2025²

Global Supply Chain Dynamics

- U.S. aerospace products and parts industry - \$235bn annual revenues
- Aircraft OEMs increasingly focused on executing cost-efficient production
- Global supply chain challenged to increase capacity, throughput, quality, on-time delivery and pricing
 - *"Consolidation by part family, i.e. components, aero-structures, electronics, etc. is likely to continue as companies focus on economies of scale. Competitive pricing in the supply chain is anticipated to be an on-going challenge in 2017 and beyond"*³
 - *"Smaller companies may not be able to meet the increased financial, program management, skills, risk-taking and investment requirements"*⁴
 - Opportunities to enhance manufacturing efficiency and improve operating profits
- Features high regulatory and compliance hurdles – barriers to entry
- Highly fragmented supply base to OEMs

Note: Prior performance does not guarantee future results.

1) Source: Houlihan Lokey Aerospace Industry Update, February 2017

2) Source: Ibid.

3) Source: Deloitte Global Aerospace and Defense Sector Outlook, March 2017

4) Source: Ibid.



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